

TWINNING CONTRACT

Support to the State and Entity Statistical Institutions, phase V

Bosnia-Herzegovina



MISSION REPORT

on


Statistical Business Register

Component no 1.1, 1st activity

Mission carried out by Søren Netterstrøm, Statistics Denmark
Søren Schiønning Andersen, Statistics Denmark

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Author's name, address, e-mail (keep the relevant information)

*Søren Netterstrøm
Statistics Denmark
Farverstræde 6
DK-4850 Stubbekøbing
Denmark
Tel: +4520451731
Email: sne@viv.dk*

*Søren Schiønning Andersen
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark
Tel: +4539173021
Email: ssa@dst.dk*

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List of Abbreviations

BH	Bosnia-Herzegovina
BHAS	Agency for Statistics of Bosnia and Herzegovina
DST	Statistics Denmark
FIS	Institute for Statistics of Federation of Bosnia and Herzegovina
ITA	Indirect Tax Authority
KAU	Kind of Activity Unit
LKAU	Local Kind of Activity Unit
RS	Republic Srpska
RSIS	Institute for Statistics of Republika Srpska
SBR	Statistical Business Register
ToR	Terms of Reference
VAT	Value Added Tax

Executive Summary

The topic of this mission was an assessment of the current situation on the Statistical Business Register. The Statistical Business Register (SBR) was created during the Cards 2005 project. At the end of that project in September 2008 a first version of the register had been established by loading data from administrative sources and software for using and maintaining the system was in place. In the beginning of 2009 the system was finally put in production, with the help of some missions carried out as part of a SIDA project.

The system has been regularly updated with data from administrative sources and has been used both by some existing surveys as well as some new surveys. There has been some activity in cleaning up data, mostly for local units and activity codes. The data in SBR is being exchanged between the 4 partners (FSIS, RSIS; BHAS and Brcko) as agreed during the Cards 2005. The consultants want to acknowledge that in their opinion all parties in SBR have been doing an excellent job in order to reach these results.

It should further be noticed, that the working group for further development of SBR has been meeting at regular intervals and is active in finding common solutions to problems, this way keeping the system a common system for all of BiH. A number of issues however still remain unsolved.

The plan to obtain data on employment from the insurance system (PIO/MIO) has never been realized as FIS has not succeeded in obtaining data from the institute in Mostar. The issue seems however to be solved as the ELMO project is now being realised and the data can be obtained through this source.

It was envisaged to use data on turnover from VAT reports that should be obtained from ITA. BHAS has made several attempts to obtain these data, but unfortunately with no success. These data would be very useful since they would be timelier than the annual fiscal reports that is currently the only source for this information, even if they would only cover part of the SBR units. It is noted, that the project on retail trade (1.4) also see a large potential in obtaining these figures. It is strongly recommended that BHAS continues and strengthen their efforts to obtain these data.

The quality of the data in the business register was discussed intensively during the mission. This is mainly concentrated on the issue of activity codes, of the status of activity and on the address information. The latter was brought up by the staff running the pilot on STS, claiming that wrong addresses were a major factor in the low response rates. This was questioned by the staff in the entities responsible for SBR and the area seems to need further investigations.

The status of activity is often a weak point in any business register based on administrative data. The problem is rooted in the fact that the legal and statistical definition of activity does not correspond. However, as the system is increasingly used by surveys, part of the problem can be solved through feedback from surveys as no other sources is available.

Activity codes are another well-known problem in all SBR systems. The administrative bodies assigning the codes may not have all data needed, they may not be properly trained in the area and they may not have the same interest in the issue as the statistical system. However, actions are taken to reduce the problem, and as for activity, feedback from surveys is going to be an important source. It will also during this project be discussed further, including the option of conducting special surveys in the area and having close cooperation with SBS.'

Finally, the issue that BHAS only gets categorised data on turnover and employment was raised. The issue is also raised in the Global Adapted Assessment report.

Data in SBR is exchanged between BHAS, FIS and RSIS as agreed in the CARDS 2005 project. Each partner has complete set of the units, but data on employment and turnover are only exchanged as categories, not as exact figures. In the view of the consultants, this put some limitations on the way surveys can be conducted, because certain processes have to be carried out by each of the two entities. However, it does not limit what can currently be done using the SBR and it does not prevent further improvement of the SBR. Thus, the positions have been noted, but in the view of the consultants this issue belongs together with other over-arching issues of cooperation between the three statistical institutes, which are outside the scope of this component.

During the mission the consultants was informed about the progress of the ELMO project. It became clear, that the ELMO project will be a major step forward in getting better data from the administrative system. The consultants are pleased to note, that FIS and RSIS have been playing important roles in building ELMO and looking into the interests of the statistical system.

Actions needed for preparing and conducting the next mission or future missions

The next mission is expected to on component 1.1.3. The topic is to have a special survey to improve the quality of SBR. The consultants listed a number of questions that they have asked the SBR working group to look further into before mission 1.1.3 will be carried out. The aim is to be at a position at the start of this mission where the goals are more clearly defined and to have knowledge of the resources available for this task. The full set of questions can be found in the mission report.

The necessary preparation for mission 1.1.2, 5-year development plan was discussed quite intensely. A main point was the distinction between setting up goals (a strategy) and listing concrete actions in order to achieve the goals. Further the question was raised who should be involved in the process, is it an internal SBR issue or does it belong to the whole area of business statistics. Finally, it was noted, that such a plan needs to be regularly revised in order to be an effective tool of management. It is agreed, that this discussion should be continued within the statistical offices in order to have at least some draft for discussion during the upcoming mission.

1. General comments

This mission report was prepared within the Twinning Project „Support to the State and Entity Statistical Institutions, phase V”. It was the first mission within subcomponent 1.1 on Statistical Business Register (SBR) of the project. This mission was aimed at assessing the current situation regarding the SBR in Bosnia-Herzegovina (BiH).

The concrete objectives of the mission were:

- To assess the current situation of the Statistical Business Register in BiH
- To discuss and comment on a number of issues in relation to EU regulations and best international practice in these areas
- To prepare a coming mission on a 5-year development plan for SBR
- To prepare for a coming mission on Survey for updating quality in the SBR

Both consultants would like to express their thanks to all officials and individuals met for the kind support and valuable information which we received during the stay in BH, and which highly facilitated the work of the consultants.

The views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of EU, BHAS / FIS / RSIS or Statistics Denmark.

2. Assessment and results

2.1 Introduction

The consultants have taken note of the adopted general assessment report from September 2011 regarding the SBR system. We are delighted to see that the SBR is being updated and data is being exchanged as agreed during the CARDS 2005 twinning project, which was finalised in the summer of 2008. We are also pleased to see that it is being used by a number of surveys and that there are plans to extend the usage further. The question about the quality of SBR is a complex issue that will be dealt with further in this report.

2.2 State of affairs

During Monday and Tuesday the participants from BH presented the current state of affairs.

A comprehensive and excellent presentation (see annex 4) was delivered by BHAS giving an overview of activities, results, experience and lessons learned since the finalisation of the CARDS project covering also many aspects related to the SBR situation in the entities. All in all the results obtained and current state of affairs are considered by the consultant as very positive. The presentation was concluded with a summary of 'weaknesses'/challenges and 'future activities'.

Supplementary presentations were delivered by FIS and RSIS:

FIS gave a comprehensive report on state of affairs regarding the ELMO project (see annex 5), where FIS have played an active role in ensuring the interests of SBR and the statistical system. The ELMO project is progressing, and ELMO will – as stated in the legal basis for ELMO and the protocols for the cooperation - assume a key role as data provider for the SBR, both with regard to creation, update and cessation of units, data on employment and – later on - financial data. The shift to ELMO as the primary source for basic information about the administrative units, ID_number, name, address etc. does not require any changes to the present SBR system.

RSIS confirmed that – by and large – ELMO will work similarly in RS. The problem regarding poor registration of crafts will be solved by the implementation of ELMO, and in relation to this RSIS have assigned activity codes, according to NACE rev. 2, for all crafts. See also annex 6.

2.3 Discussions of particular SBR topics

On the basis of the Terms of Reference for this activity – and based on the above-mentioned presentations - the following topics and issues were further discussed:

Usage of the SBR

Among other surveys, SBR was used as the base for two pilot STS surveys in the spring 2011 for Construction statistics and Transport statistics, respectively. Unfortunately, both surveys suffered from a very low response rate.

According to the person responsible for the survey from BHAS, a major reason was due to wrong address (contact) information in SBR. This was, however, challenged by representatives from SBR in both entities that had looked into the matter and it appears that there are a number of complementary reasons for the low response rates.

The issue raises the question if there is a good enough contact between users of SBR in the survey departments, including at the level of BHAS, and the SBR staff in each of the entities. This should be improved to avoid similar disagreements in the future and in order to treat quality in a constructive and forward-looking manner. Also, it points to the general need for close collaboration – and adjustment of expectations – between the SBR team and users in survey departments in the three institutions.

Quality of the SBR

A large part of the discussions during this activity was – in one way or another – related to ‘quality problems’, including issues related to coverage of units (e.g. regarding crafts and entrepreneurs) and variables (e.g. data on turnover and employment), accuracy (e.g. regarding activity codes), actuality (e.g. regarding activity status) and coherence (e.g. regarding different practice in the entities re recoding of secondary activities). Most of the issues raised are by no means specific to BH, but are well known to the first years after the implementation of a new SBR in most countries.

It is clear that the issues raised in the discussions are relevant and important, but it is also important to acknowledge that ‘quality’ is relative – i.e. it needs to be seen in the context of the usage and not in isolation. In other words, ‘quality’ means ‘fitness for purpose’.

Therefore, it is very important to develop a strategy and practical methods for assessing and prioritising ‘quality problems’ – quantitative and/or qualitative – in relation to their impact on the usability of the SBR data for the survey departments and their potential impacts on the statistical end results. This strategy and these methods must be agreed with the users in order to adjust expectations with regard to the ‘quality’ the SBR can deliver and the effort devoted to ‘quality improvement’.

There are many possibilities for measuring/assessing the different aspects of ‘quality’ that can be undertaken in collaboration between SBR, survey departments and the methodology department during the conduction of the statistical surveys. Such possibilities have been considered, but should be further concretised.

Similarly, many possibilities and suggestions for improving the ‘quality’ are already listed. These should – on a current basis – be prioritised and planned according to their cost-effectiveness and conducted in the light of available resources. One important aspect in this context relates to using of the information obtained from regular statistical surveys (i.e.

strengthening cooperation with survey departments). Another relates to possibilities for increased use of preliminary figures for some variables.

Availability of turnover and employment figures

When the SBR was established, it was anticipated that data on turnover and employment could be obtained from the annual fiscal reports. It was further planned to obtain data on employment from the insurance system (PIO/MIO) and data on turnover from ITA for those units eligible for VAT. The benefit of these sources is that data can be obtained in a more timely fashion

Today only data from the annual fiscal report is obtained. FIS has not succeeded in obtaining data from the Pension Insurance Institute for the Federation and BHAS have not been successful in obtaining data from ITA regarding turnover.

With the introduction of ELMO the issue regarding data from PIO/MIO seems to be solved, since these data now form part of ELMO and included in a protocol between FIS, RSIS and ELMO. RSIS has received the first data and FIS is just about to receive them.

ITA is however still an unresolved issue. The consultants was informed that general talks about data exchange between BHAS and ITA was in progress, and that BHAS expected the problem to be resolved as a result of this talks. It may include a change in the law of ITA, so the problem may remain for some time. The issue will be monitored by the consultants during coming missions of this component.

Determination of local unit, KAU, LKAU, real statistical unit

There was a brief discussion clarifying issues related to the definition and practical delineation of Kind of Activity Units (KAU). Among others this relates to quality aspects regarding activity coding of local units. The question of KAUs is of limited practical importance since there are currently no surveys in BH using KAUs as the observation unit or statistical unit.

Units moving between entities

In some instances there are different practices in the two entities with regard to continuation of enterprises moving from one entity to another. The question is whether they should keep their ID_number (i.e. a continuation), or whether they should have a new ID_number (i.e. a creation). The problem is in the administrative system. However, the magnitude of the issue is estimated to be quite limited.

There was agreement about the continuity rules to follow and it was expected that the introduction of ELMO will reduce the problem. If this will not be the case, it could be considered to add a check in the SBR, that when a new enterprise is being created, it will be checked whether the same owner has an enterprise with the same activity code in the other entity.

Data sharing

The last point mentioned in the BHAS presentation as a weakness of the current system was that BHAS does not have access to the detailed micro data on employment and turnover. The issue is also raised in the Global Adapted Assessment report.

Data in SBR is exchanged between BHAS, FIS and RSIS as agreed in the CARDS 2005 project. Each partner has complete set of the units, but data on employment and turnover are only exchanged as categories, not as exact figures. In the view of the consultants, this put some limitations on the way surveys can be conducted, because certain processes have to be carried out by each of the two entities. However, it does not limit what can currently be done using the SBR and it does not prevent further improvement of the SBR. Thus, the positions have been noted, but in the view of the consultants this issue belongs together with other overarching issues of cooperation between the three statistical institutes, which are outside the scope of this component.

Introduction of institutional sector codes in the SBR

The institutional sector codes are still missing in SBR. They should have been provided by National Accounts in BHAS. Against that background it was discussed how this could be implemented in a predominantly automated way based on data already in the SBR.

The consultants explained the Danish practice, where the institutional sector codes are computed for each local unit on the basis of combinations of the ownership code for the enterprise and the main activity code for the local unit. A matrix for these combinations is maintained in cooperation between the SBR and the National Accounts division. Some borderline cases (especially re state owned companies), and cases where the matrix cannot give a unique sector code, are treated manually – involving additional data, like the company accounts - but by far the majority are treated automatically.

The consultants will be happy to provide the Danish matrix for inspiration and to look into the matter during a coming mission.

Introduction of Enterprise groups in the SBR

The current EU Regulation on Business Registers stipulates registration of Enterprise Groups (EG) in the SBR. The current SBR in BH does not include EG as a unit type. Currently there are no user needs for data on EGs in the BH statistical system, and also there is no official systematised source for data about ownership, i.e. data about ‘mothers’ and ‘daughters’ and how many percent of the ‘daughter’ that is owned by the ‘mother’.

Against that background it was proposed to plan and implement an extension of the SBR data model in order to be able to register EGs once the data will be available. Also, it was proposed to look into whether there currently are EGs in BH - including EGs with foreign ownership/control - which have a complex structure and could serve as ‘pilot cases’ for the extension of the SBR data model. These proposals will form input to the elaboration of the ‘5-year development plan’ for the SBR, which also forms part of this component.

Treatment of auxiliary activities on SBR

An issue was raised with regard to auxiliary activities. Due to legal and administrative reasons outside the control of the statistical institutions some units – especially within construction and transport – have been attributed with secondary activity codes for activities which – from a statistical perspective are not secondary activities, but auxiliary activities (e.g. storage, book-keeping, canteens etc.).

Based on Danish practice it was proposed to extend the SBR data model with a new attribute for local units (e.g. a ‘tick box’), which can indicate that the unit is an auxiliary unit. Subsequently, the activity codes could be corrected, and the auxiliary units (which will have same activity code as the enterprise) could be left out of data extracts for surveys using local unit information. The maintenance of this data item should be agreed between the SBR team and the survey departments. Since this information is most likely to be found by the surveys, it was an example of the importance of establishing a feedback mechanism from the surveys to SBR.

Determining the size of public sector enterprises

The issue was raised how to obtain data about the number of employed persons in (parts of) the public sector. The main problem seems to be with (primary) schools and various types of institutions in the health sector (hospitals, clinics etc.). Presently, it seems that data is obtained through the relevant administrative institution. As an example, data on teachers in primary schools is obtained from the education ministry of a kanton, but only with the number of teachers for all primary schools and not for each school.

During the discussion it became clear that the way schools are handled in SBR is not uniform. In parts of the system, each school is seen as an enterprise, in other parts the schools are local units of the ministry. The working group of SBR should consider the case and make a decision how to deal with this issue in a uniform way for the entities and the District of Brcko.

Once this methodological issue has been solved it is necessary to look for potential sources that at the end could be to send a more detail request to ministry of education. In this connection it was discussed whether the SBR should try to influence the way this units are handled in the ELMO system.

Business Demography

The issue was not dealt with during this activity due to lack of time. However, it will be covered in detail during an upcoming activity.

2.4 Elaboration of a five-year development plan for SBR in BH

The elaboration of a five-year development plan for the SBR in BH forms part of this component. Preparation of the plan by the end of the 4th project quarter is a benchmark. The aim regarding the five-year development plan during this activity was to kick-off discussions in

the SBR Working Group about the purpose of the five-year development plan and the process for its' preparation.

To this aim the consultants presented a possible approach for the process and questions to consider in relation to 1) definition of strategic objectives and 2) possible aspects to consider regarding the preconditions for the process (see also annex 8).

Against that background, the SBR Working Group conducted an internal brainstorm session where overall strategic aims and areas of interest were identified at a very general level (see also the last slide in annex 4). It was agreed that the SBR Working Group – prior to activity 1.12 – will further consider the questions with a view to extend and not least further detail the list of objectives.

It was noted, that the requirement is to produce a development plan, but in the view of the consultants considerations in the institutions – and in the joint SBR working group - about the long term objectives for the SBR are needed. This may not be a formal 'strategic plan', but if the goals of the development plan are not known and agreed, then the value of the development plan may be limited.

Finally, the question was raised, if the development plan should be created by the SBR working group or if the question should be handled on the level of head of Business Statistics. A number of options were discussed, but no final decision was taken. The issue should be further discussed by the parties involved in BiH. It was agreed that this should be decided before the end of this year.

2.5 Special survey

The implementation of a 'special survey' regarding SBR quality before the end of the 3rd project quarter is foreseen in the project contract. Thus the preparation of such a survey was discussed. The consultants presented Danish experience re SBR quality related surveys, which fall in two types.

The first type was a series of annual surveys, which were conducted by the SBR team from 1981 to 2006 (the so-called "work-place project"), i.e. before the registration of all local units in Denmark was legally obliged. The population of the survey included all Danish enterprises, which were known to comprise more than one local unit. The enterprises received a list of their registered local units and (among others) given the opportunity to correct addresses and activity codes, add new local units and delete ceased local units. The corrected lists were sent to the SBR team in SD, where the replies were processed and validated and the SBR was updated. This survey was an integral part of the current production and it was mandatory for the enterprises to reply.

The other type consists of voluntary ad-hoc surveys of a smaller scale, which were aimed at either measuring the quality on random samples (in terms of accuracy), or improving the quality in selected areas where quality problems had been detected. Normally, these surveys comprised 2.000 – 3.000 enterprises. The questionnaires used for these surveys were very simple and included questions on the correctness of the enterprises' name and address, the correctness of the main activity code (and secondary activity codes, if any) and the correctness of the

number and location of their local units. If the information was incorrect the opportunity was given to provide correct information.

If the main activity code was incorrect, respondents were asked to indicate whether the code had *always* been wrong (i.e. due to erroneous initial registration – perhaps due to insufficient training of the coders), whether they had *changed activity at a certain point in time* (but not registered the new activity), or whether they had *gradually moved* from one type of main activity to another. This information was used, firstly, to better understand the reasons for incorrect codes and, secondly, in order to be able of ensuring the history (i.e. when the changes should take effect in the SBR).

The replies to these ad-hoc surveys were analysed and for the random sample surveys the results (i.e. the level of incorrect data) was communicated internally to the SBR users. Recently, the questionnaire for these surveys has been turned into an electronic questionnaire, so the conduction of new survey instances is relatively easy.

The discussion was concluded with the clarification of a list of questions (see annex 7), which the Working Group shall discuss internally prior to activity 1.1.3, where the topic will be discussed in further detail. It was agreed that the consultants would provide examples of reports from the ad-hoc surveys, including both the questionnaires used and the results obtained.

3. Conclusions and recommendations

The SBR system is well into production and is being regularly updated and is in use by a number of surveys. Considerable efforts have been put into improving the quality with respect to the key variables and this is a continued effort.

As there will never be any SBR that is 100 % correct, quality of SBR is a relative thing. It is recommended, that the issues are discussed with SBR users (surveys), in order to set a number of agreed goals for quality of SBR. Combined with actual measurements of the quality this could be an important tool to use the limited resources available in the best possible way.

The ELMO project seems to solve the longstanding issue of obtaining data from the insurance system (PIO/MIO) regarding employment. BHAS has still not been successful in getting detailed data from the VAT authorities. BHAS should strengthen its efforts in this area.

4. What to do before the next mission for the BC Counterpart

Before mission 1.1.3, scheduled for late March 2012, the Working Group on SBR should consider the questions raised during this meeting and shown in annex 6. The most important issue is to make a more specific goal for the survey and look into resources available for the survey. It may also be considered, if the survey in one form or another is intended to be continued.

Before mission 1.1.2, scheduled for late March 2013 a set of concrete goals for SBR should be listed (a vision, draft strategy) as the basis for discussion of concrete plans to form the actual development plan.

5. Topics for the next meeting, action 1.1.3

The topics for next meeting are basically the same as the set of questions in Annex 6. As the actual survey has to take place before July 1st in order to meet the benchmarks of the project, the result of the meeting should be very close to the final plan for the survey, including both the sample and questionnaire.

Annex 1. Terms of Reference

Statistical Business Register 5th to 9th of December 2011 Terms of Reference - Activity 1.1.1 EU Twinning Project BA 08-IB-FI-03

- | | |
|-------------|---|
| Component 1 | 1. Business Statistics
<u>1.1.Statistical Business Register</u>
1.2. Structural Business Statistics
1.3. Construction Statistics
1.4. Retail Trade Statistics
1.5. Tourism Statistics |
| Component 2 | 2. Extended Household Budget Survey |
| Component 3 | 3. Institutional Capacity
3.1. Long term strategy
3.2. Metadata and classification system development
3.3. Promotion of dissemination |

Benchmarks

- A) Special survey for improvement of SBR (local units & activity code) conducted by 3rd project quarter
- B) SBR 5-years development plan prepared by 4th project quarter
- C) Plan for regular annual submission of VAT data from tax authorities according to agreement – in force by 4th project quarter
- D) Plan for harmonization of activities between SBR and business statistics (incl sampling methodology) by 8th project quarter
- E) SBR used in regular surveys on state level by 8th project quarter

1.1.1. Activity

Assessments on the current situation of the Statistical Business Register

The expected activities are:

- Presentations and discussions of the present status of the statistical business register (SBR) and activities carried out since CARDS 2005 till now:
 - Discussion on Adapted Global Assessment of the National Statistical System of Bosnia and Herzegovina Final Report September 2011 Prepared by: Jan M. Byfuglien
Günter Kopsch (ref 234-238, p.76-78)
 - Administrative data sources for the SBR (BHAS)

- Implementation new KD BiH 2010 (NACE Rev 2) in SBR (BHAS)
 - Organization of SBR work including sharing of data between entities (BHAS)
 - Use of SBR by survey departments (entities)
 - Status regarding data on employment and financial data (entities)
 - Status regarding VAT data and data from Central Bank (BHAS)
- Discussions and comparison BiH SBR with international best practices. Overview over EU regulations in this area.
- Some examples of issues for discussions:
- Procedure for updating the local units (activity code) and rules for determining the activity codes of the enterprises (KAU),
 - Number of persons employed for KAU, LU, LKAU...
 - Treatment of auxiliary activities on SBR (Do they need to be recoded?),
 - The best data that can be used to determine the size of the enterprise for the public sector (e.g. schools, government bodies, etc.),
 - Relocation of the enterprise from entity to another entity.
- Necessary background information for the frame for an SBR 5-year implementation and development plan
- Preparation the frame for an SBR 5-year implementation and development plan
- Preparation of the list of activities to be done before the next mission
- Preparation of the list of topics for the next mission

Expected output

- The clarified the current status of the BiH SBR and compliance of BiH SBR with the EU standards
- A frame for a 5-year plan for SBR is produced for further develop.
- Mission report – summarized and detailed version completed
- General and detailed activity plans and draft ToR for the next mission prepared and agreed by all partners (BHAS-BD/ FIS/RSIS participants, experts and RTA)

List of Participants

Will follow

Annex 2. Persons met**BHAS:**

Dubravka Husić
Mevlija Odošić
Ivana Tavra
Dženita Mustafić
Branislava Cvijetić
Senija Fačić

FIS:

Enisa Rastić
Emira Beširević
Rasija Bićakčić

RSIS:

Darko Marinković

RTA Team:

Bente Dyrberg
Djemka Sahinasic

Annex 3. Extract from the AGA of the National Statistical System of BiH regarding SBR**EXTRACT part for the Statistical Business Register (SBR) FROM****Adapted Global Assessment of the National Statistical System
of Bosnia and Herzegovina
Final Report
September 2011**

**Prepared by:
Jan M. Byfuglien
Günter Kopsch**

Extract from EXECUTIVE SUMMARY

The Statistical Business Register (SBR) of BiH has been in use since 2009. Its quality is not sufficient. However, both entity institutes deploy significant efforts to improve the SBR by cooperating with some other public authorities which have extensive data on businesses at their disposal. BHAS is in the process of getting access to the VAT data of the Indirect Taxation Authority, including the VAT codes, which would be the best data sources for the monthly update of the SBR on the state level. The fact that BHAS does not receive all the available information from the SBR of Republika Srpska remains an obstacle. BHAS should be provided with all information on micro level as it is stipulated in the laws on statistics of BiH and the entities.

**Extract from 4 STATISTICAL DOMAINS , 4.4 Business Statistics, 4.4.1 The Statistical Business Register (SBR)
4.4.1 Statistical Business Register**

(242) BHAS, in cooperation with the entity statistical institutes, developed and maintain a statistical Business Register which has been in use since 2009 as a framework for the implementation of new statistical surveys and a certain number of existing surveys on business entities. The Business Register includes information on all non-agricultural legal and natural persons carrying out economic activities in the territory of BiH, as well as legal persons and entrepreneurs registered to perform agricultural activities. It is based on administrative registers that are kept and maintained in the entities and Brcko District partly by the competent taxation authorities in cooperation with the entity statistical institutes, partly by the institute of statistics itself (administrative register of legal persons in the Republika Srpska) and by municipalities (natural persons in Republika Srpska; assignment of the unique identification number by the tax authority).

(243) At regular time intervals the entity statistical institutes and the branch office of Brcko District receive data from the administrative registers in electronic form. Based on these data newly registered business entities are automatically included in the Statistical Business Register and changes in the identification and demographic characteristics are taken over. The updated register is delivered to BHAS on a quarterly basis. After merging the data, BHAS forwards the entire updated Statistical Business Register to the entity statistical institutes. The

update of stratification variables currently completed once a year on the basis of annual financial reports. Updating the Statistical Business Register with data collected in statistical surveys has begun in the statistical institutes of the entities as well.

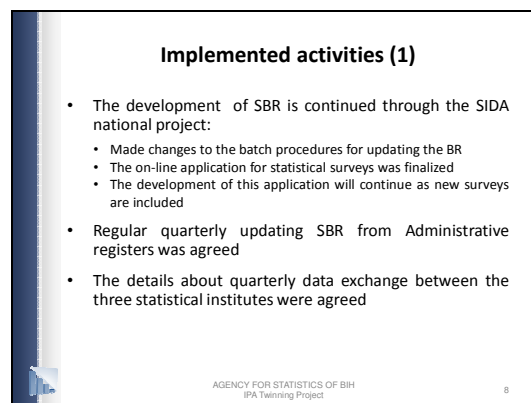
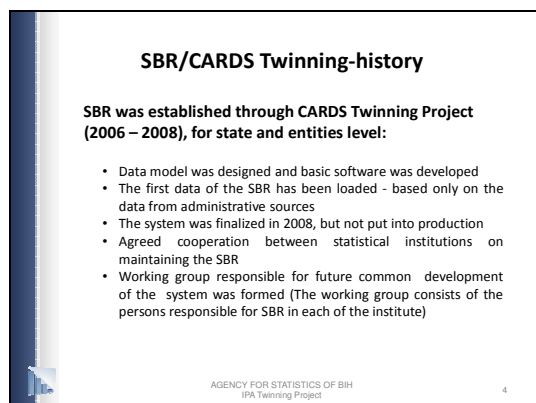
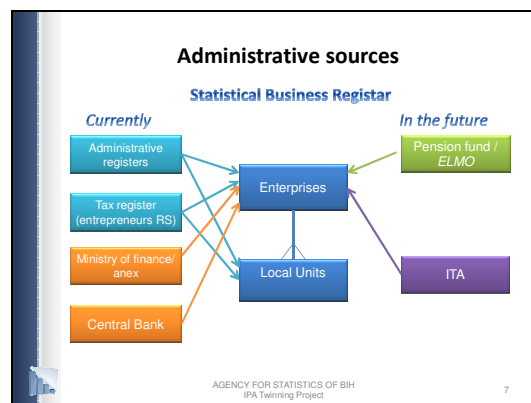
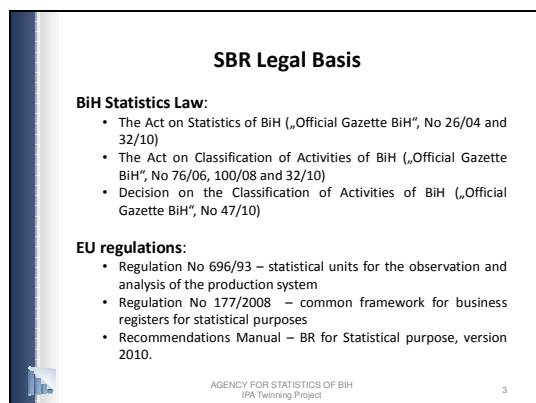
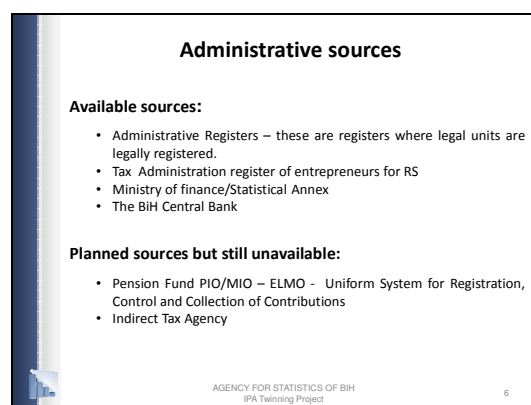
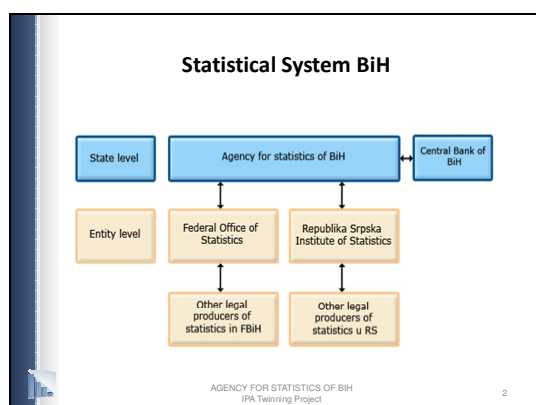
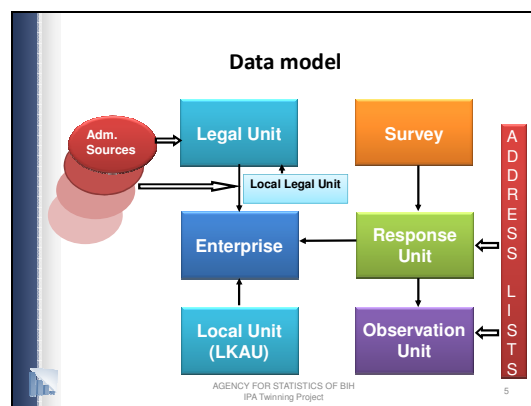
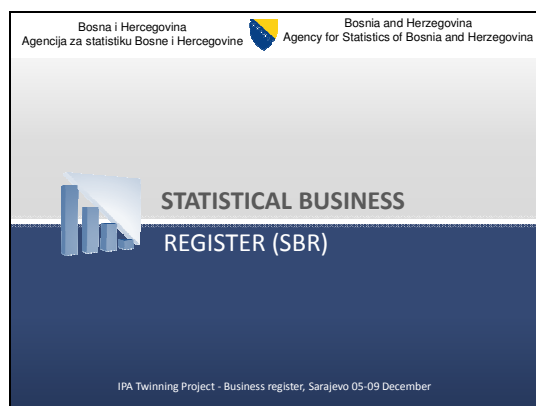
(244) The variables of the Business Register are mainly based on European recommendations: Identification variables (e.g. name, address, and legal form); stratification variables (e.g. main economic activity, number of persons employed, and geographical location); and demographic variables (e.g. the start-up date). In the administrative registers of the Federation of BiH and of Brcko District each unit has a unique taxpayer identification number issued by the tax authorities. This number is used by almost all authorities (the Indirect Taxation Authority, the Central Bank of Bosnia and Herzegovina). In Republika Srpska, legal persons are kept under the identification number which is unique for each legal person. This number is assigned during the registration process of the legal person in the administrative register of RSIS. For every legal person, a tax number is subsequently added and updated. Entrepreneurs in Republika Srpska, in the process of registration, obtain a unique tax number. In the Statistical Business Register a unique statistical number is assigned to each statistical unit and there is a link between the taxpayer identification number and the statistical number.

(245) The Statistical Business Register contains legal units, enterprises and local units. Until now, the Statistical Business Register has only been used for a few statistical surveys in the field of business statistics and labour market statistics. In the future, will be used for all surveys with legal and natural persons as reporting units carrying out economic activities.

(246) *Assessment*

The Statistical Business Register of BiH has been in use since 2009 as a framework for the implementation of new statistical surveys and a certain number of existing surveys on business entities. It is based on administrative registers kept and maintained in the entities and Brcko District. The quality of the Business Register is not sufficient. It includes a certain number of non active units, not always the correct economic activity and address information, and a lack of comprehensive information on the number of employed persons and of financial data, as well as information that determines the size of the economic units. Until now the Statistical Business Register has only been used for several statistical surveys in the field of business statistics and labour market statistics. However, both entity institutes deploy significant efforts to improve the Statistical Business Register by cooperating with some other public authorities which have extensive data on businesses at their disposal. The objective is the setting up of a comprehensive administrative business register from which monthly information for the update of the Statistical Business Register is provided. Updating the Statistical Business Register with data collected in surveys has started in the statistical institutes of the entities as well. BHAS is still trying to gain access to the VAT data from the Indirect Taxation Authority, including the VAT codes, which would be the best data on the state level for the monthly update of the Statistical Business Register. The fact that BHAS is not provided with all available information about the Statistical Business Register from the Republika Srpska remains unresolved. Data on turnover and employees are only submitted in categories. The Statistical Business Register is a joint instrument developed and to be used by all statistical institutions, for the sake of efficiency, therefore, BHAS should be provided with all information on a micro level as is stipulated in the laws on statistics of BiH and the entities.

Annex 4. BHAS - Current situation in Statistical Business Register (SBR)



Implemented activities (2)

- Updating SBR with data from annual balance sheet for enterprises (employment and turnover data, 2006 for RS, 2007,...2010 for all)
- Loading data for entrepreneurs for RS in 2009
- Updating SBR data from Central Bank BiH since last year (2010)
- Through the project - IPA 2008 Multi Beneficiary Statistical Cooperation Programme (2010/2011):
 - the exchange of best practices to manage business registers
 - analyzing the level of compliance SBR with Regulation (EC) No 177/2008 and BR Recommendations manual through filling in Eurostat Annual BR Questionnaire and other questionnaires

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Number of legal units (companies and crafts)

Total	Administratively not closed down			Administratively closed down		
	Total	Legal persons	Natural persons (crafts)	Total	Legal persons	Natural persons (crafts)
1(2+3+4+5+6+7)	2(3+4)	3	4	5(6+7)	6	7
211 884	169 100	74 428	94 672	42 784	11 029	37 792

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Implemented activities (3)

- In 2010 the new national Classification of activities KD BiH 2010 was prepared and published. It is completely harmonized with NACE Rev. 2
- The new classification KD BiH 2010 has been in use since 01.01.2011.
- During 2010 the new KD BiH 2010 was introduced in the SBR. The enterprises (without crafts) were recoded according to KD BiH 2010 and double coded according to KD BiH 2010 and the old KD BiH
- The length of double coding period depends amongst other things on the needs of short-term statistics and national accounts. At the moment, at least three or four years seem likely

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Active enterprises (without crafts)

Total	Stratification variables on employment or turnover		Newly created enterprises
	Available	Not available	
1(2+3+4)	2	3	4
63 126	32 772	27 359	2 995

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Implemented activities (4)

- For the first time, Annual BR Questionnaire 2011 has been sent to Eurostat
- This year first release was published on the number of enterprises (no entrepreneurs) classified by activities, turnover classes and employment classes
- Quarterly data exchange:
 - Check exchanged data in order to detect possible errors caused manually updating
 - Forming standard reports that provide insight into the SBR
- Updating data from the other administrative sources (the official gazette, internet,...) to improve the quality

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Weak points

- Insufficient quality of SBR data
 - Economic/stratification characteristics on employment and financial data (from annual balance sheet) is not timely (problem with Indirect Taxation Authority and Pension Funds – ELMO)
 - Determination of local unit, KAU, LKAU, real statistical unit
 - Moving between entities
- Entrepreneurs (crafts) - unknown active/inactive status (unavailability any financial and employment data, no statistical surveys for these units), no activity code according to KD BiH 2010
- Exact individual financial and employment data exist in entities and District Brčko, but at the state level (in BHAS) these data are only in categories

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Current situation

- Regular quarterly updating SBR from Administrative registers
- Regular quarterly data exchange between the three statistical institutes
- Cooperation between statistical institutions on maintaining and development the SBR through daily working and working group meetings
- Updating SBR with data obtained through statistical surveys
- Starting to use SBR as a sampling frame – Pilot Labour Cost Survey, Pilot SBS survey, regular Labour Cost Survey, SBS survey and STS survey
- As well as recommended, the structure and content of SBR have not been changed, except changes needed for double coding for activity codes

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Future activities

- Establishing a regular updating SBR employment and turnover data with data obtained from administrative sources (PIO/MIO - ELMO, ITA)
- Improve the quality of the SBR database through
 - conducting the special survey
 - increase using of the information obtained from regular statistical surveys (strengthening cooperation with survey departments)
- Improve the quality of the data for entrepreneurs (crafts)
- Introduction of institutional sectors
- Business Demography
- Introduction of Enterprise groups

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Annex 5. FSIS - Current situation in Statistical Business Register (SBR)

In the FEDERATION OF BOSNIA AND HERZEGOVINA the ELMO PROJECT has been conducted in order to establish a unique system of registration, control and collection of social contribution payments. The Law on this Unified system was adopted and published in 2009.

Unique system of registration, control and collection of contributions represents an administrative-technical system under which the registration, control and collection of contributions is done as well as collection of data about the contribution payers and the insured persons. The Unique system is established and maintained in the Tax Administration of the Federation of Bosnia and Herzegovina. The role of the system is to simplify the registration process and to improve collection of contributions in the Federation.

The database is established by entering data on the subjects of registration on the basis of applications for entry into a unique system, records of payments, financial reports, public documents, registers and other records maintained by administrative authorities and other public institutions within their competencies.

The users of the Unique system are:

- Federal Institute for Pension and Disability Insurance
- Institute of Insurance and Reinsurance of the Federation BiH
- Federal Employment Institute
- Federal Institute of Statistics

The Tax Authority of the Federation of BiH concluded a protocol with the users of the system, determining the data to be exchanged and shared, and the rights and obligations in using this single system.

Federal Institute of Statistics will receive from the Tax Authority the following data:

- Data on registration, deregistration and modification of data on tax registration of taxpayers
- Summary data of annual turnover, on monthly basis the number of employees

Federal Institute of statistics delivers to the Tax Authority the following data:

- Data on the assignment and modifications of activity codes for legal and natural persons-entrepreneurs and their parts
- Data on the assignment and modification of other codes under the jurisdiction of Federal Institute of Statistics.

This unique system is important for the statistical system in BiH, for the following reasons:

- Single database systems is an important source for the Statistical Business Register which creates the basis for conducting statistical surveys (especially in the areas of industry, construction, labour costs, labour force, etc.);
- Exchange of data from a single system allows the updates of data on size of companies in SPR (small, medium and large), as well as data on the status of business entities (active, dormant and inactive). In that light, it can also contribute to the development of business demography based on statistical units created in SBR.

Annex 6. RSIS - Current situation in Statistical Business Register (SBR)

SBR is created within a framework of a component of a CARDS Twinning Project with joint efforts of three SI's in BH. The intention of SBR is to create common business register for SI's, being useful both at state and entity level.

First data loaded in SBR database is based on Administrative Business Register of Republika Srpska (data on legal units and local legal units) with date 27.09.2008. SBR application is in use from April 2009 and it is installed in following departments of RSIS: trade, national accounts, wages and salaries, industry, ecology, prices and branch office in Banja Luka. SBR application relating to the statistical surveys is covering observation and reporting units of the following surveys:

- Wages and salaries survey (semi-annual full coverage survey)
- Quarterly trade survey
- Annual industry survey
- Annual construction survey
- Monthly transport survey.

Mentioned surveys are used as statistical sources for updating SBR data.

Also, following administrative sources are used updating SBR:

- Administrative Business Register of RS (quarterly)
- RS Tax Authority - ELMO project data (quarterly)
- BH Central Bank (quarterly)
- Annual financial report (annually)
- RS Official Gazette (continuously)

ELMO project data is obtained for third quarter of 2011 for first time, and currently it is being analyzed and compared with other data sources. Also, RS Tax Authority will deliver entrepreneur (crafts) data with activities classified with respect to the NACE, after process of pre-registration is completed. The data on employment and financial indicators are shared with respect to strict rules about the ownership (right and obligation to keep updated), as agreed during CARDS Twinning Project.

Annex 7. List of Questions for special survey

Special survey

- **Resources available?**
- One time or start series?
 - pilot?
 - tagged on existing survey
- What do we want
 - measure the overall quality of the register
 - Improve quality in certain areas
 - Registration of updates, incl. date and source?
 - Communication of results?
- Sample
 - Criteria
 - Size
- Questionnaire
 - What questions

Annex 8. Development of 5-year plan

Purposes of a strategy?

- Discuss and define common goals
- Preserve the excellent cooperation in the SBR group
- Influence framework conditions – instead letting them dominate us

Preconditions for the strategy process

Framework conditions:

- **Context:** Role of SBR strategy in other plans for BiH statistics?
- **Mandate:** Role of the SBR working group?
 - Is there a clear mandate for the SBR working group?
 - Is it clear for us what we shall deliver and how?
 - Is it clear for the organisations / 'bosses'? Do we need to clarify?
 - Should the group agree on a draft mandate first?
- **Proactive or reactive:** What is within the group's sphere of influence?
- **Stakeholder involvement:** Who, when, how – and why?
- **Resources:** Do we know the expected situation? If not, how can we acquire such insight?
- **Adoption and ownership:** Who adopts the Strategy? How?

Cooperation during the strategy process:

- **Key success factors:** What will make the process fruitful?
- **Risks:** What could hamper progress in the strategy process?

Could be boiled down to three questions

1. "Where are we now?" [you already answered that!]
2. "Where do we want to go?"
 - What does Business Statistics in BiH want to be able to do in order to fulfil users' needs?
 - Which role can/shall the SBR play in reaching these aims?
 - What should characterise the situation we aim for?
 - Re input / sources
 - Re throughput / processing and technology
 - Re output / usage
 - Re quality (coverage, timeliness, accuracy, coherence ...)
 - Re organisation / cooperation
 - Re ... ??
 - Why (and how) will this make a difference?
 - Which aims are most important? Why
3. "How do we get there?"

SWOT analysis

Strengths	Weaknesses
	[you already have a first picture of this]
Opportunities	Threats

Re definition of objectives

Objectives (also strategic) should ideally be:

- **S**pecific
- **M**easurable
- **A**mbitious (or **A**ccepted)
- **R**ealistic (or **R**esourced)
- **T**imed (i.e. having a timeframe / deadline)

Example:

"Before the end of this decade we will put a man on the moon"

J.F. Kennedy, 1961

Annex 9. Brainstorm**Strategy brainstorm**

- Develop sampling strategy
 - Minimizing respond burden
 - Methods and tools
- Define clear requirements re. needs of survey departments
 - Units
 - Stratification variables
 - Level of quality
 - Etc.
- Improved quality of activity codes

Brainstorm 2

- Increased usage, esp by surveys
- Quality improvement on the statistical side
- Recoding of entrepreneurs and improvement of quality
- Strategy for SBR survey
- Improved quality of admin. Data obtained from ITA (pressure from Management)

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